

Sonoma County Tourism Bureau

Agreed-Upon Procedures

**Performed by
Independent Accountant**

*For the Year Ended
June 30, 2018*



PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

An independently owned member
RSM US Alliance



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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Directors
Sonoma County Tourism Bureau
400 Aviation Boulevard, No. 500
Santa Rosa, CA 95403

We have performed the procedures enumerated below, which were agreed to by the management of the Sonoma County Tourism Bureau ("the Organization"), on compliance with the Organization's travel and expense reimbursement policy as of and for the year ended June 30, 2018. The sufficiency of our procedures is solely the responsibility of the Organization. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

We performed agreed-upon procedures as follows:

1. Obtain an understanding of the Organization's employee travel and entertainment reimbursement policy and procedure.
2. Select a sample of expenditures spanning July 1, 2017 to June 30, 2018 from a population consisting of all of the Organization's employee held credit cards and expenditures reimbursed through payroll. From this sample, determine whether the expenditure would be subject to the policy. If subject to the policy, ensure the expense complies with the reimbursement policy. If the expenditure is not subject to the policy, determine whether it appears to have a valid business purpose and whether the price appears reasonable.
3. Determine whether the reimbursement expenses comply with applicable laws, specifically Chapter 33 Section 4 of the Sonoma County Municipal Code (authorized uses of business improvement funds) and Article XVI, section 6 of the California Constitution (prohibition against making a gift of public funds).

Below is a summary of results based on the documentation reviewed.

Procedure 1:

Pisenti & Brinker LLP ("P&B") obtained an understanding of the policy by reviewing the Organization's travel and entertainment expense – policies and reporting procedures manual effective July 1, 2017.

Procedure 2:

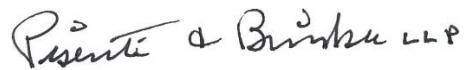
P&B selected a sample of expenditures from July 1, 2017 to June 30, 2018 and determined whether each expenditure was in compliance with the travel and entertainment expense policy or, if this was not applicable, appeared to have a valid business purpose. P&B selected all expenditures incurred by the CEO, CFO and COO and 25% of all other employee expenditures for the period under review. The total number of expenditures tested was 123. See the statement of findings in the attached report for findings noted during testing.

Procedure 3:

P&B determined whether the expenses complied with applicable laws, specifically Chapter 33 Section 4 of the Sonoma County Municipal Code (authorized uses of business improvement funds) and Article XVI, section 6 of the California Constitution (prohibition against making a gift of public funds). P&B noted no instances where expenditures did not comply with applicable laws.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on procedures and documentation relevant to compliance with policies related to the Organization's travel and entertainment reimbursement process. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management and directors of the Sonoma County Tourism Bureau and the County of Sonoma, and is not intended to be and should not be used by anyone other than these specified parties.

Piseri & Brink LLP

Santa Rosa, California
February 19, 2019

Agreed-upon Procedures Schedule of Findings

June 30, 2018

Finding #2018-001

According to the Organization's travel and reimbursement policy, certain travel expenses including air travel insurance are not reimbursable by the Organization to the employee. P&B noted two instances where employees purchased travel insurance for business trips which were reimbursed by the Organization.

Finding #2018-002

According to the Organization's travel and reimbursement policy, there are various lodging expenses which will not be reimbursed including mini-bar expenses. P&B noted one instance where an employee purchased items from the mini-bar and was reimbursed by the Organization.

Finding #2018-003

According to the Organization's travel and reimbursement policy, there are various lodging expenses which will not be reimbursed including valet parking when onsite parking or public parking garages are available within two blocks. P&B noted two instances where employees utilized valet parking and were reimbursed by the Organization.

Finding #2018-004

According to the Organization's travel and reimbursement policy, purchased first class travel is prohibited. P&B noted one instance where an employee purchased a first class ticket for a domestic flight and was reimbursed by the Organization.

Finding #2018-005

According to the Organization's travel and reimbursement policy, no more than \$5,000 may be charged on a Sonoma County Tourism Bureau issued credit card for one transaction without prior approval from the employee's supervisor and Chief Financial Officer. P&B noted five instances where employees charged single transactions greater than \$5,000 without receiving prior approval from a supervisor or the Chief Financial Officer.

Agreed-upon Procedures Schedule of Findings

June 30, 2018

Finding #2018-001

Management acknowledges that the purchase of air travel insurance is not part of its current policy. For one of the two occasions air travel insurance was purchased, the trip had to be canceled due to the Sonoma County wildfires that occurred in October of 2017 when this trip was scheduled. The second air travel insurance purchase was for an international trip for which the host, Visit California, eventually cancelled due to political unrest in one of the intended countries. The insurance helped mitigate the costs of the airfare cancellation. Management currently sees occasions where the purchase of air travel insurance is to the Organization's benefit and is in the process of amending this policy.

Finding #2018-002

In consideration of the employee's health, the occasion where an employee sourced water from the hotel room's minibar was approved for reimbursement. The employee's tradeshow appointment schedule and lack of readily available options for water were important factors in making this exception.

Finding #2018-003

Management is tolerant of exceptions to the hotel valet parking policy in cases when SCT employees are traveling alone in an area they do not feel entirely safe. Valet parking is also seen as the best alternative when an employee is transporting bulky items for a tradeshow or other event and there are no other options available at the lodging property. Management will create a process for better documenting the approval of these and other types of policy exceptions granted.

Finding #2018-004

Research of the instance of the purchase of a first class ticket revealed that a first class ticket was not in fact purchased. No seat assignment occurred at the time of the purchase of the coach ticket for this flight. Later, the airline assigned a first class seat based on the employee's personal airline status without charging an additional amount.

Finding #2018-005

Two of the occasions of purchases of more than \$5,000 were Facebook advertisements and posts placed by the Director of Advertising. As Facebook will not accept payment in any other form than credit card and the Organization has no ability to negotiate in this case, the Director of Advertising was given permission by the CFO and her supervisor to exceed the \$5,000 threshold, as needed.

The remaining three occasions of purchases of more than \$5,000 were for tradeshow registration fees or booth expenses. While the use of credit cards for these expenditures had not been approved, these tradeshow expenses had been included in the budget approved by the Board of Directors. Management will reinforce with staff the need to abide by this policy.